

Village of Carol Stream

Special Meeting of the Village Board

FY 21 Budget Workshop-General Fund (Part 2) and other Funds

Gregory J. Bielawski Municipal Center
500 N. Gary Avenue, Carol Stream, IL 60188

March 2, 2020

6:00 p.m. – 7:03 p.m.

Meeting Notes

ATTENDANCE:

Mayor Frank Saverino
Trustee Rick Gieser
Trustee John LaRocca
Trustee Mary Frusolone
Trustee John Zalak
Trustee Greg Schwarze
Trustee Matt McCarthy
Village Clerk Laura Czarnecki

Bob Mellor, Village Manager
Joe Carey, Assistant Village Manager
Tia Messino, Asst. to the Village Manager
Jon Batek, Finance Director
Bill Cleveland, Engineering Director
Phil Modaff, Public Works Director
Don Bastian, Community Dev. Director
Marc Talavera, I. T. Director
Steve Schmidt, Police Services Director
John Jungers, Deputy Police Chief
Don Cummings, Commander
Ron Roehn, Public Works Supt.
Mike Zochert, Deputy Police Chief

ABSENT:

The meeting was called to order at 6:00 p.m. by Mayor Saverino, Sr. and the roll call read by Village Clerk Laura Czarnecki. The result of the roll call vote was as follows:

Present: Mayor Saverino, Sr., Trustees Zalak, LaRocca, Gieser, Frusolone, Schwarze and McCarthy

Absent:

FY 21 Budget Workshop #2-General Fund Part 2 and Other Funds

Finance Director Jon Batek led the discussion of the General Fund, Police Pension Fund and TIF Fund budgets as follows:

Current Year FY20 Year-End Projection

FY20 Revenues are projected to end the year \$315,000 or 1.1% above original budget projections.

Estimated FY20 Year-End	\$ 28,790,000
Original FY20 Budget	28,475,000
Revenues Above Budget	<u>\$ 315,000</u>

FY20 projected Expenditures are expected to be below budget by \$1,500,000 or 5.3%.

Estimated FY20 Year-End	\$ 26,975,000
Original FY20 Budget	28,475,000
Expenditures Below Budget	<u>\$ 1,500,000</u>

This results in a projected surplus of \$1,815,000.

Source of \$1,500,000 of expenditures under FY20 Budget:

- Salary & Benefit Costs (\$896,000)
 - 6 retirements (incl. 2 department heads)
 - 7 additional resignations
 - 4 positions held vacant + 5 vacant Police Officer positions
- Contractual Services (\$284,000)
 - Beginning of year freeze of \$619,000 of various contractual and capital items.
 - North Ave / TC Mulch
 - PW Space Optimization Study
 - Fountain Maintenance / Repairs
 - Agenda Management System
 - Microfilm Digitizing
- Capital Outlay (\$320,000)
 - Police Vehicles (\$195K) 2 frozen, remaining deferred to FY21
 - Emergency Operating Center Buildout (\$100K) Frozen, re-budgeted in FY21

FY21 Revenue Projections

- The \$3.8 million property tax approved in November 2019 has secured the long-term viability of the Capital Improvements Program (CIP).
- \$3.25 million of General Fund Revenues reassigned to the Capital Projects Fund beginning May 1, 2020.
 - Electricity Use Tax
 - Real Estate Transfer Tax
 - Telecommunications Tax
- After these changes, total General Fund revenues for FY21 are projected at:
 - 1.7% increase compared to FY20 budgeted revenues.
 - 0.6% increase over estimated FY20 year-end revenues.

	<u>FY20</u> <u>Budget</u>	<u>FY20</u> <u>Estimate</u>	<u>FY21</u> <u>Projected</u>	<u>FY21</u> <u>Over/</u> <u>(Under)</u> <u>FY20 Budget</u>	<u>FY21</u> <u>Over/</u> <u>(Under)</u> <u>FY20 Est.</u>
Property Tax	\$ -	\$ -	\$ 3,800,000	\$ 3,800,000	3,800,000
Sales Tax	6,935,000	7,050,000	6,825,000	(110,000)	(225,000)
Home Rule Sales Tax	5,150,000	5,175,000	5,016,000	(134,000)	(159,000)
State Income Tax	3,960,000	4,260,000	4,170,000	210,000	(90,000)
Local Use Tax	1,220,000	1,425,000	1,603,000	383,000	178,000
Utility Tax - Telecomm.	877,000	729,000	-	(877,000)	(729,000)
Utility Tax - Electricity	1,880,000	1,860,000	-	(1,880,000)	(1,860,000)
Real Estate Transfer Tax	950,000	775,000	-	(950,000)	(775,000)
Natural Gas Use Tax	620,000	620,000	620,000	-	-
2% Liquor Tax	400,000	240,000	325,000	(75,000)	85,000
All Other Taxes	957,000	976,600	1,004,900	47,900	28,300
Total Taxes	22,949,000	23,110,600	23,363,900	414,900	253,300
Licenses and Permits	1,645,500	1,495,500	1,625,200	(20,300)	129,700
Grants	100,000	275,000	275,000	175,000	-
Charges for Services	1,644,500	1,670,900	1,664,000	19,500	(6,900)
Fines and Forfeitures	1,518,000	1,540,000	1,451,000	(67,000)	(89,000)
Interest Income	210,000	345,000	175,000	(35,000)	(170,000)
Miscellaneous Revenue	408,000	353,000	395,900	(12,100)	42,900
Total Revenues	\$ 28,475,000	\$ 28,790,000	\$ 28,950,000	\$ 475,000	\$ 160,000
				1.7%	0.6%

New Revenue Threat

February 19, 2020 Governor's Budget Address:

- 5% LGDF (Income Tax) diversions taken from Illinois municipalities in each of the last 3 state fiscal years (10% in SFY18) is expected to continue beginning July 1, 2020.
- In FY21, an ADDITIONAL 5% LGDF diversion will be taken and held in reserve. If the Governor's proposed graduated income tax (GIT) referendum passes in November 2020, the reserved funds will be returned to municipalities. If the proposed GIT fails, the funds will be lost, likely forever. Revenue share percentages will be reduced under a GIT, continuing to freeze-out municipalities from any gains in taxes traditionally shared.
- Estimated revenue loss to Carol Stream = \$210,000.
- No changes proposed to draft FY21 budget resulting from this proposal. Will assess the situation following the November election/referendum and make adjustments to budget as needed.

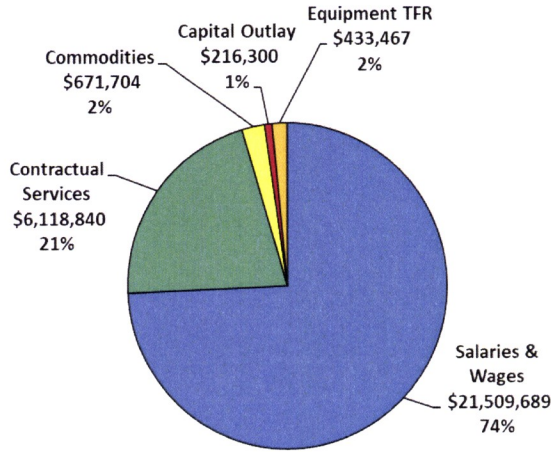
FY21 Proposed Expenditures

FY21 Proposed Budget is balanced as proposed

Projected Revenues	\$ 28,950,000
Projected Expenditures	28,950,000
Projected Surplus	\$ 0

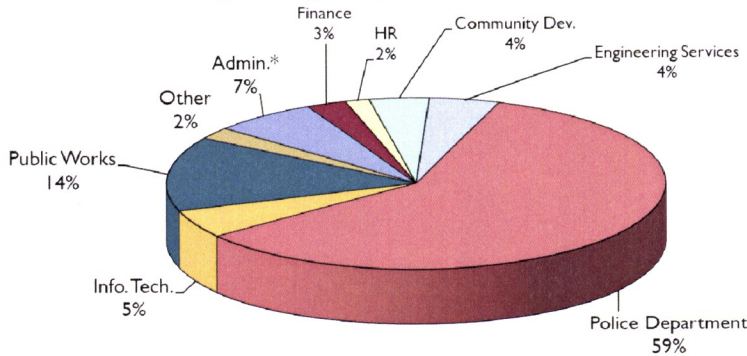
- Proposed expenditures increased by 1.7% over FY20 budget.
- Initial department requests were 3.1% over FY20 budget.
- Expenditure cutbacks were implemented to meet projected revenues for FY21.

**Proposed General Corporate Fund Expenditures by Type
Fiscal Year 21 Beginning May 1, 2020**



Total Proposed = \$28,950,000

**Proposed General Corporate Fund Expenditures by Department
Fiscal Year 21 Beginning May 1, 2020**



*Includes Administration, Village Board & Clerk, Plan Commission & ZBA, Fire & Police Commissioners, Legal, Municipal Building, Emergency Services and Special Events.

**Draft General Corporate Fund Budget Expenditures
FY21 Proposed Compared to FY20 Budget**

	Actual FY 18/19	Adopted Budget FY 19/20	Estimated FY 19/20	Proposed Budget FY 20/21	FY19/20 Proposed to FY18/19 Budget	
Personal Services	\$ 12,816,040	\$ 13,662,136	\$ 12,898,162	\$ 13,421,974	\$ (240,162)	-1.8%
Seasonal Help	39,936	47,374	45,566	55,588	8,214	17.3%
Court Time	135,882	139,000	138,700	145,000	6,000	4.3%
Overtime	873,475	791,750	825,600	852,900	61,150	7.7%
Group Insurance	1,722,967	1,843,723	1,742,863	1,893,326	49,603	2.7%
IMRF	830,563	797,619	769,093	913,473	115,854	14.5%
FICA	1,007,732	1,031,211	1,005,080	1,064,944	33,733	3.3%
Work Comp/Unempl.	311,961	320,132	312,132	312,132	(8,000)	-2.5%
Police Pension	2,434,978	2,625,502	2,625,502	2,850,352	224,850	8.6%
Total Salaries & Wages	20,173,534	21,258,447	20,362,698	21,509,689	251,242	1.2%
Contractual Services	5,170,816	5,932,952	5,648,466	6,118,840	185,888	3.1%
Commodities	427,528	489,301	486,361	671,704	182,403	37.3%
Capital Outlay	609,724	794,300	477,475	216,300	(578,000)	-72.8%
IFT - Equipment Repl.	-	-	-	433,467	433,467	100.0%
Total Expenditures	\$ 26,381,602	\$ 28,475,000	\$ 26,975,000	\$ 28,950,000	\$ 475,000	1.7%

General Fund Budget – FY21 Salaries & Wages

- Personal Services (Salaries) show a decrease of 1.8% compared to the FY20 budget.
 - Total regular FT and PT staffing proposed for FY21 is reduced by 2.5 Full-Time-Equivalent positions.
 - Reduced costs due to current year retirements / resignations and replacement employees hired / promoted at lower salaries.
 - Net budgeted salary decrease in Engineering, Police, PW Streets, PW Garage, and Municipal Building.
 - Reallocation of budgeted Public Works salaries between General Fund and Water & Sewer Fund to more accurately reflect actual experience. This results in a reduction in GF salaries and an increase in salaries allocated to the W&S Fund.
 - In FY20, we budgeted an additional \$200,000 for payment of accrued leave balances at retirement for anticipated retirements. This does not recur in FY21.
- Seasonal Help (17.3% above FY20 budget)
 - Addition of one seasonal position in Community Development beginning in FY21 (UDO Project).
 - Future cost increases as Illinois minimum wage steps up to \$15/hour by 1/1/2025.
- Overtime (7.7% above FY20 budget)
 - In FY20 we are tracking above budget, yet below FY19 actual expenses. FY21 budget is 7.7% above FY20 budget but also below FY19 actual expenses.
 - Actual overtime expenses are highly dependent upon shift coverage and in many cases the frequency and severity of weather related call-outs.
 - Police Department overtime increases covered by increased grant related activity.
- Pensions
 - IMRF (14.5% above FY20 budget) employer contribution rate increased from 11.48% to 13.63% of payroll between 2019 and 2020 (18.7% increase in rate). This was due to poor investment returns in CY2018 (-4.25%) combined with a reduction in investment return assumption to 7.25%. This should moderate next year based on CY2019 returns of over 19.7%.
 - Police Pension Fund (8.6% above FY20 budget) Contribution to increase by \$224,850 to a total of \$2,850,352 for FY21. Fund returns as of 12/31/19 were similarly over 19% year to date which should benefit future years.

Changes in Proposed Village Staffing (non-seasonal) – FY21

FY20 Authorized Positions	164.20
<u>Engineering Services</u>	
- Civil Engineer	(1.00)
+ Engineering Technician	1.00
<u>Public Works</u>	
- PT Secretary (to be filled on contract basis)	(0.50)
- Facilities Technician	(1.00)
<u>Police</u>	
- Police Officer	<u>(1.00)</u>
Proposed FY21 Authorized Staffing	<u>161.70</u>
Net Change from FY20	(2.50)
% Change from FY20	-1.5%

Department Highlights

- Village Board & Clerk
 - Board / Executive Staff Goal Setting Workshop (\$5K)
 - Senior Council support contribution continues (\$10K)
 - Community Survey planned for FY22 (\$20K)
- Emergency Services
 - Emergency management consulting (\$50K)
 - Village Hall build-out of EOC (\$40K)
- Financial Management
 - Re-budgeted cash receipting software and hardware upgrade (MUNIS financial system) to integrate credit card processing and possible e-commerce solutions (\$30K).
- Municipal Building
 - Town Center
 - Complete replacement of fountain motor/pump systems (\$28K)
 - Change in fountain operations from Memorial Day to Labor Day.
 - Municipal Center
 - Added Natural Gas charges due to full utilization of annual NICOR franchise “free therm” allotment (\$10K)
- Community Development
 - Seasonal intern added to facilitate completion of the UDO project.
 - Some funding set aside for possible Economic Development initiatives / incentives (\$25K)
- Engineering Services
 - Net Budget decrease of 5.0% from FY20 budget.
 - Cost savings produced through retirement, internal promotions and downgrade of Civil Engineer position to Engineering Technician.
- Information Technology
 - Cyber Security vulnerability assessment (\$6K)
 - Multi-factor authentication (\$13K)
 - Police Laptop Replacements (half in FY21, half in FY22) (\$70K each year)
 - Desktop Computer Replacements (\$10K)
- Police Department
 - Staffing reduction of 1 vacant Police Officer position while PD conducts a comprehensive staffing study during FY21.
 - Emphasis on grant funded enforcement initiatives continues.
 - Continued strong focus on training. 7.3% increase over FY20 budget.
 - Spike of \$79K in small equipment accounts, mostly related to vehicle equipment costs deferred from FY20 to FY21 due to timing of replacement vehicle availability.
- Public Works Department
 - Eliminating vacant Facilities Technician position. Budgeted for last 3 years, funding frozen. Still desired, but not feasible in current budget climate.
 - PWC Space Optimization Study re-budgeted from FY20. (\$30K)
 - Road Salt - \$42K increase based on review of current inventories and recent review of market costs.
 - Continue long-term trend of reducing street light energy costs through systematic conversion of lamps to LED and obtaining ComEd grants for funding (\$25,886 received Jan. 2020).
 - Mulching of North Ave. / Town Center / Daylily Park planting beds reinstated following 2 deferral cycles.

- \$57K increase in tree trimming / removals / replacements based on updated assessment of older trees in decline and catch-up on previous year deferrals.

Budget Cutbacks Implemented

Due to limited growth in total available revenues of 1.7%, the following cutbacks were needed to bring the budget into balance for FY21:

\$ 107,020	Police - modified training budget
94,652	Police - reduce 1 vacant officer position
49,899	PW - reduce vacant Facilities Tech.
75,000	New Parking Ticket Software System
	Recurring annual cost estimate = \$60,000
14,000	IT - Reduce scope of cyber security assessment
10,000	IT - Agenda Management software
10,000	Finance - Copier replacement
8,000	PW - Pond aerator replacements
4,800	IT - Laserfiche training reduction
2,900	Finance - Conference elimination
<u>\$ 376,271</u>	Total Cutbacks

North Ave./Schmale Rd. TIF

- TIF Structure
 - Non-monetized Village note of \$3.5M (Caputo's Grocery parcel).
 - Secured by 100% of incremental property taxes + 50% of sales taxes for a period of 13 years (2027). 2 year extension (to 2029) if total principal not paid (incremental property taxes ONLY).
- Caputo's note began October 28, 2014 (when grocery opened).
- FY20 – Total of \$223,022 in principal paid on \$3.5 million note through April 30, 2020. Total principal and interest paid on the note since inception = \$937,872.
- FY21 projected principal payments = \$125,000.
- Phase II Development under discussion.

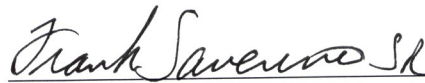
Police Pension Fund

- \$50.1 million in net assets at April 30, 2019.
 - Officer + Village Contributions covering benefits paid out at approximate 1:1 ratio during FY10.
 - Asset Value at 12/31/19 = \$54.1 million, 19% return YTD!
- 62.06% funded as of April 30, 2019 vs. 61.69% last year.
- Pension Fund consolidation per P.A. 101-0610.
 - Investment consolidation within 30 months (mid-2022).
 - Local pension boards remain intact.
 - Investments in trust, no comingling between funds.
 - Transitional Police Fund Board established
 - First met on February 24th.

The Village Board concurred with staff recommendations on the recruitment of the new Community Development Intern for the UDO project in the proposed FY21 budget. The Village Board praised staff for their efforts to control expenses and present a balanced General Fund budget.

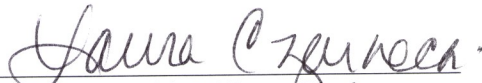
There being no further business, Trustee McCarthy moved and Trustee Gieser made the second to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:03 p.m.

FOR THE BOARD OF TRUSTEES



Frank Saverino, Sr., Mayor

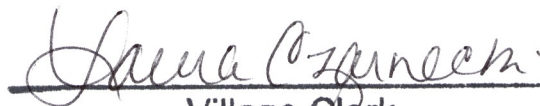
ATTEST:



Laura Czarnecki, Village Clerk

Minutes approved by the President and Board of Trustees on this

16th day of March, 2020.



Village Clerk